S.B. NO. 332 S.D. 2 H.D. 2 C.D. 1

## A BILL FOR AN ACT

RELATING TO PREAUDIT PAYMENTS.

#### BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1	SECTION 1. The legislature finds that the government would
2	be able to provide services more effectively, efficiently, and
3	expeditiously by updating the preaudit process for proposed
4	payments to meet the demands of the public. Currently, the
5	comptroller is required to preaudit all proposed payments of
6	\$10,000 or more to determine the propriety of the expenditures
7	and its compliance with the operative and relevant executive
8	orders and rules.
9	Accordingly, the purpose of this Act is to temporarily
10	amend the powers and duties of the comptroller to reduce the
11	preaudit requirements of all proposed payments to expenditures
12	by:
13	(1) Amending the minimum dollar amount of payments to be
14	preaudited; and
15	(2) Allowing, rather than requiring, the comptroller to
16	preaudit proposed payments of expenditures below the
17	threshold amount.



### **S.B. NO.** 332 S.D. 2 H.D. 2 C.D. 1

1	SECTION 2. Section 40-1, Hawaii Revised Statutes, is
2	amended by amending subsection (b) to read as follows:
3	"(b) With respect to the executive branch, except the
4	University of Hawaii and the department of education, the
5	comptroller shall have complete supervision of all accounts.
6	The comptroller may preaudit all proposed payments less than
7	\$100,000 to determine the propriety of expenditures and
8	compliance with executive orders and rules that may be in
9	effect. The comptroller shall preaudit all proposed payments of
10	[\$10,000] $$100,000$ or more to determine the propriety of
11	expenditures and compliance with executive orders and rules that
12	may be in effect. When necessary, the comptroller shall
13	withhold approval of any payment. Whenever approval is
14	withheld, the department or agency concerned shall be promptly
15	notified. With respect to the University of Hawaii and the
16	department of education, the comptroller shall issue warrants
17	for the release of funds for the operating costs of the
18	university or the department of education, as applicable, in
19	amounts and at times mutually agreed upon by the governor or
20	director of finance and the university or department of
21	education, as applicable; provided that:

# 2021-2756 SB332 CD1 SMA.doc

**S.B. NO.** 332 S.D. 2 H.D. 2 C.D. 1

The amounts released shall not exceed the allotment 1 (1)2 ceilings for the respective funding sources of the university's or the department of education's 3 appropriations established by the governor for an 4 5 allotment period pursuant to section 37-34; and The comptroller may issue warrants as an advance from 6 (2)the state treasury to the University of Hawaii and the 7 8 department of education to establish a checking 9 account and provide working capital in amounts and at times mutually agreed upon by the governor or director 10 11 of finance and the University of Hawaii and the department of education. 12 13 The University of Hawaii and the department of education shall

14 preaudit all proposed payments of \$10,000 or more and shall 15 preaudit samples of the population of proposed payments of less 16 than \$10,000; provided that the sample size comprises at least 17 five per cent of the population, and is of a size that the chief 18 financial officers of the University of Hawaii and the department of education, as applicable, determine appropriate, 19 20 to determine the propriety of expenditures and compliance with 21 applicable laws, executive orders, and rules. The University of

## 2021-2756 SB332 CD1 SMA.doc

Page 3

Page 4

#### **S.B. NO.** 332 S.D. 2 H.D. 2 C.D. 1

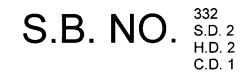
1 Hawaii and the department of education shall make disbursements 2 for operating expenses from the amounts released by the 3 comptroller and maintain records and documents necessary to 4 support those disbursements at times mutually agreed upon by the 5 university president or the superintendent of education, as 6 applicable, and the comptroller; provided that when requested by 7 the university or the department of education, the comptroller 8 shall make all disbursements for the university or the 9 department of education, as applicable, subject to available allotment. Funds released pursuant to this section shall be 10 11 deposited by the university or the department of education, as 12 applicable, in accordance with the provisions applicable to the 13 director of finance by chapter 38. Any interest earned on the 14 deposit of funds released pursuant to this section shall be 15 deposited in the state treasury at the end of each fiscal year." 16 SECTION 3. Statutory material to be repealed is bracketed 17 and stricken. New statutory material is underscored. 18 SECTION 4. This Act shall take effect on July 1, 2021, and

20 section 40-1(b), Hawaii Revised Statutes, shall be reenacted in

shall be repealed on July 1, 2024; provided that

## 2021-2756 SB332 CD1 SMA.doc

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1 the form in which it read on the day before the effective date

2 of this Act.





**Report Title:** Comptroller; Powers and Duties; Preaudit

#### Description:

Amends the minimum dollar amount of payments required to be preaudited. Allows, rather than requires, the comptroller to preaudit all proposed payments of expenditures under the threshold dollar amount. Sunsets 7/1/2024. Effective 7/1/2021. (CD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

